

2018-2020

Final Progress Report



Stanley E. Fitzgerald

SCTDD – CEDS Final Report

2018-2020

Table of Contents

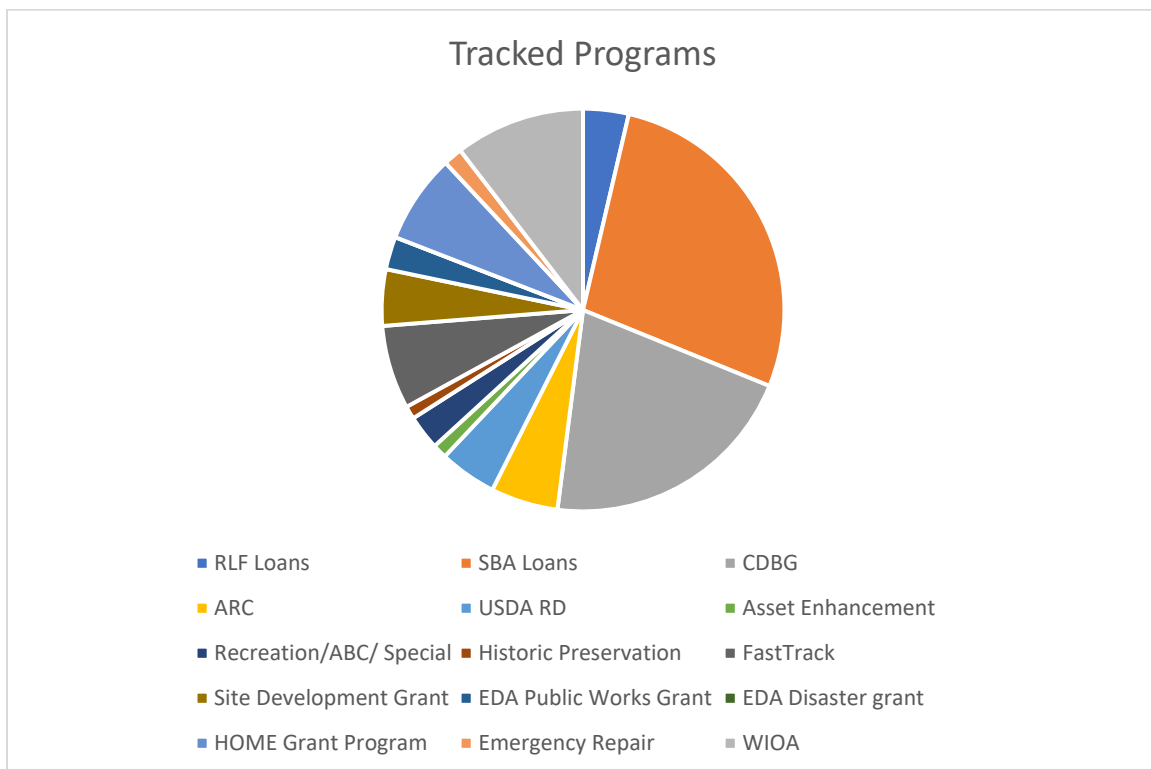
Intro	2
Results.....	4
Income	4
Change in Median Income	4
Change in Per Capita Income	4
Change in Number of Earners per household.....	5
Changes in the percentage of the population in poverty	6
Education	6
Change in the Number of Residents with a 4-year degree	7
Population.....	8
Population Growth.....	8
Change in the number of small businesses per capita	8
Summary	9
The Programs	10
Community Development.....	10
Economic Development.....	11
WIOA.....	12
Conclusion.....	12

Intro

South Central Tennessee Development District (SCTDD) has managed numerous projects in Community Development, Economic Development, and public assistance programs. Funding for these programs comes from various federal, state, and private sources through grants, investments, and in-kind contributions. Our current Comprehensive Economic Development Strategy document indicates that we will use-number of projects, amount of private sector investments, number of jobs retained, number of jobs created, and the number of new students and classes in Industrial Technology to measure the success of our selected objectives and projects to pursue over the three-year period between 2017 and 2020.

Highlights from measurable change in the specified metrics, delineated by program that the quantifiable metrics are related to, will follow on the coming pages. SCTDD has traditionally relied on an array of “alphabet soup” to affect the measurable metrics. Most of them come from Federal sources, and some come from state sources. Regardless of the source, most will leverage investments from private sources, or from each other, but jobs created or retained and improvements in available workforce or improved quality of life may not directly correlate to program as a ratio that we can track directly.

We currently track metrics in 15 programs. The top two programs, by dollars invested, make up 48% of all the program dollars that goes into our counties from the programs managed and administrated by SCTDD. CDBG and the SBA 504 Program are our largest grant program, for community development, and our largest loan fund program for economic development.



Activity in each of these programs is driven by a number of mechanics, but eligibility is probably the biggest driver. Legislative intent defines what types of activities policy makers are attempting to incentivize with the program. Exclusions, or ineligible uses of funds identified in the policy are there to deter or restrict growth in some industries or areas to prevent an unintended result or to ensure a more balanced mix of investments and prevent concentrations in one industry or region. Identification of new eligible projects is heavily dependent upon the number of potentially eligible projects that surface in the region. An increase in projects can be the result of many things, successful implementation of effective CEDS, an overall improvement in the economy as a whole, or changes in policy so that there are fewer restrictions leading to more projects being eligible.

Availability of funds for the program is another impediment. Many of these programs have an enrollment period when applications for eligible projects can be accepted. Eligible projects that are time sensitive may not be able to wait for the next cycle and will seek funding from other sources. Most of these programs are competitive, so outside factors can also limit funds available if another area can demonstrate a more dire need.

The third most impactful challenge to increasing funding in programs that are not otherwise restricted by availability of funds or by number of eligible projects is the amount staff to facilitate, underwrite, package, close, service, administrate, or close the project. Projects can have a wide range of time from inception to completion, so if projects approved in one year have a longer life span, require more servicing, or are simply more complex to administrate, that will affect the time that staff has available to take on new projects in coming periods.

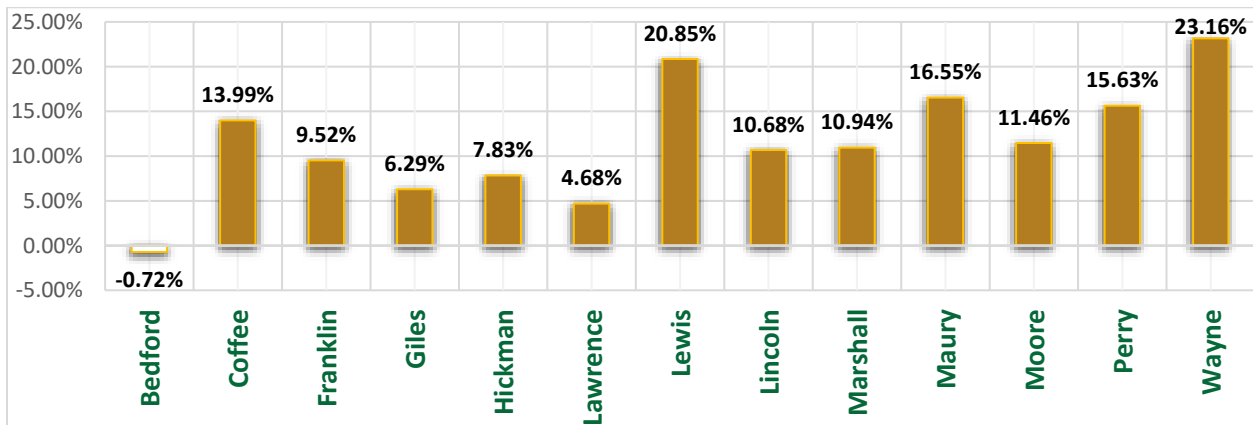
To contextualize these mechanics, we do not prioritize program hours spent on projects solely by dollars generated from a program, or number of projects as the highest and best use of our time. We serve constituents, both elected, and those that simply reside in our region, so need as dictated by them will guide our activities as much as any of the catalysts described above. Many of the programs that support the mission and vision of the organization do not directly create or retain jobs, but the investments create a culture and environment that enables the growth and prosperity that drives projects that do those things. Retail, Art, Nature, sense of Pride in Community, Safety, and other components that make up a vibrant and inviting region supporting self-actualization for its people are just as important as the investments themselves. If we succeed in these intangibles, future investments will require less leverage because people will be more motivated to invest here with fewer incentives to do so.

Results

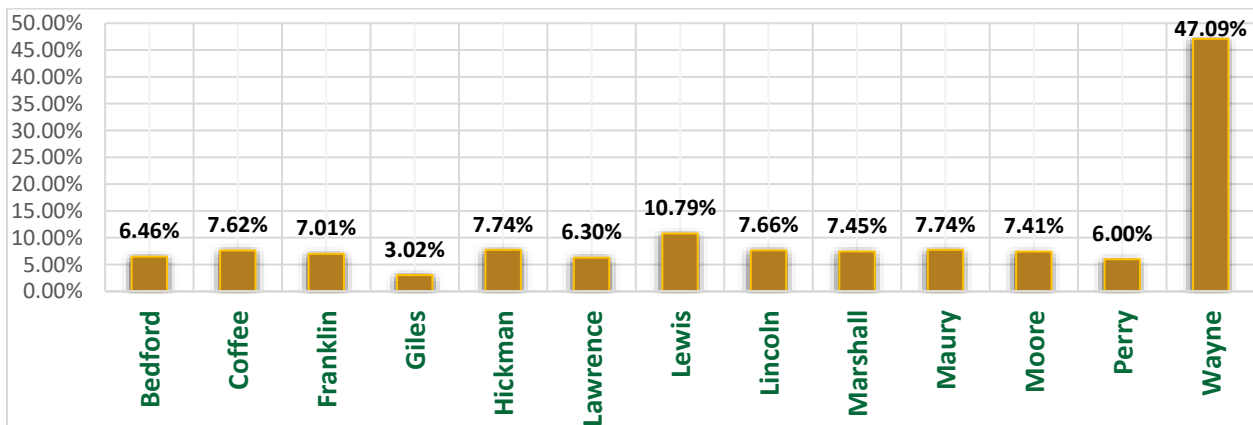
Income

Deltas in median income or per capita income are easy to compile results that can reflect desired outcomes or goals from objectives or actions taken to implement a comprehensive economic development strategy (CEDS). Growth in these metrics should be contrasted to the changes in the CPI and the average rate of inflation over the same period to help discern if the improvements are eroded by macro shifts or can be construed as local changes that result in realized changes that differentiate the region as one with a negative, static, or positive trend in conditions.

The rate of inflation dropped over the period analyzed, but remained positive, compounding on previous gains across the period. The charts below are not adjusted for the 4.1% change in the CPI of the compounded 5.5% increase due to inflation between 2017 and 2020, so amounts below that threshold experienced a retraction when compared to the economy as whole.

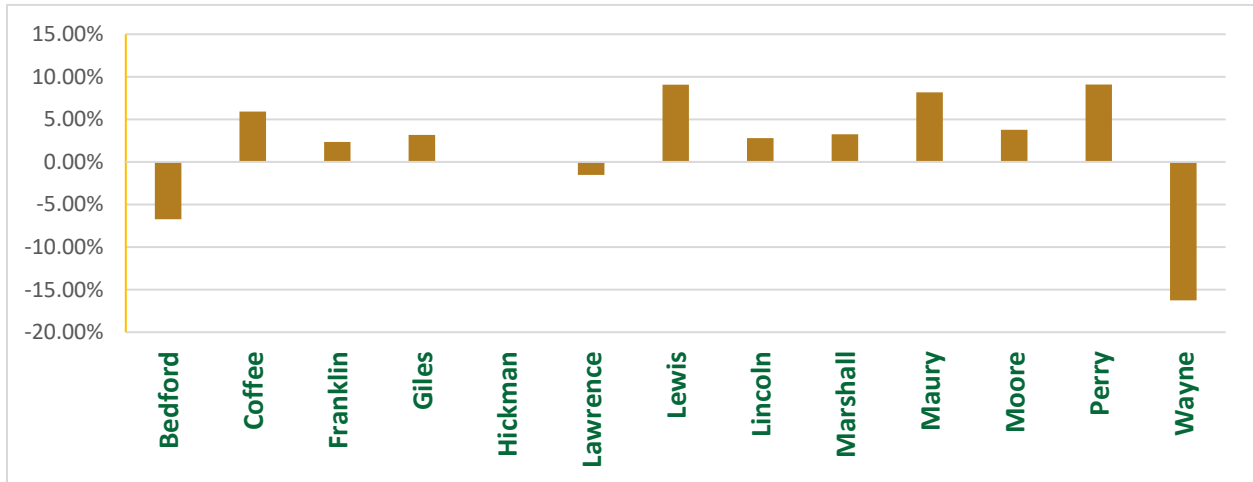


Change in Median Income



Change in Per Capita Income

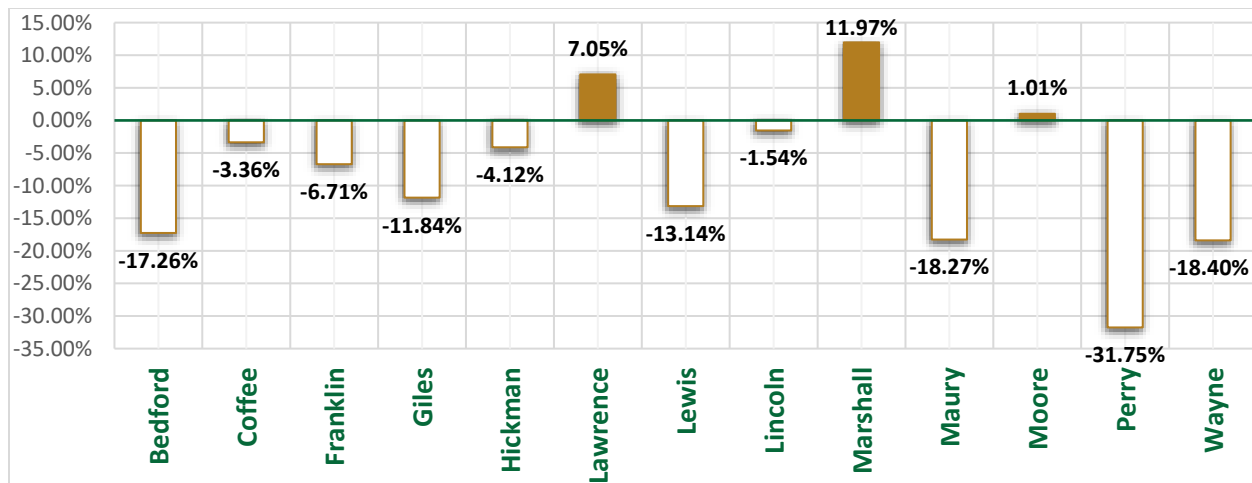
Improving median income is important as it can be used to compare with other regions to measure growth. The per capita income statistic is a reflection of the earned income per person, which relates more to fulfillment of an individual. The PCI delta demonstrates the individual's potential to increase the median income for the area.



Change in Number of Earners per household

PCI can be affected by the number of unemployed or under employed. It is also affected by the family size as it does not factor out individuals not in the workforce. If you take the median income and divide it by the PCI, you get an estimate of the number of individuals in the workforce that it takes to earn the median income.

Above is a comparison of the change in the number of people needed to earn the median income. Looking at the chart above, in nine of our thirteen counties, more households required multiple incomes to reach the median incomes reported over the period. It is an imperfect correlation, but I like to think of this as an increase in the number of hours a couple needs to work outside the home to earn enough to maintain the family. To gain better insight, it should be weighted by the size of households, but as a rudimentary discussion, we can extrapolate a trend. We must assume that every household gets one wage earner, assumably working full time, a 40-hour week, ideally. Most households have multiple incomes, but it is usually a number between one and two. If 1 is equivalent to a full time forty-hour week, then 1.4 would be another 16 hours for a second family member.



Changes in the percentage of the population in poverty

The change in the poverty level over the same period of time gives us perspective on the trends. Even though Lawrenceburg, Marshall and Moore all had growth, more of the county's residents are below the poverty level in 2019 than in 2017, so that growth was not evenly distributed across all income levels.

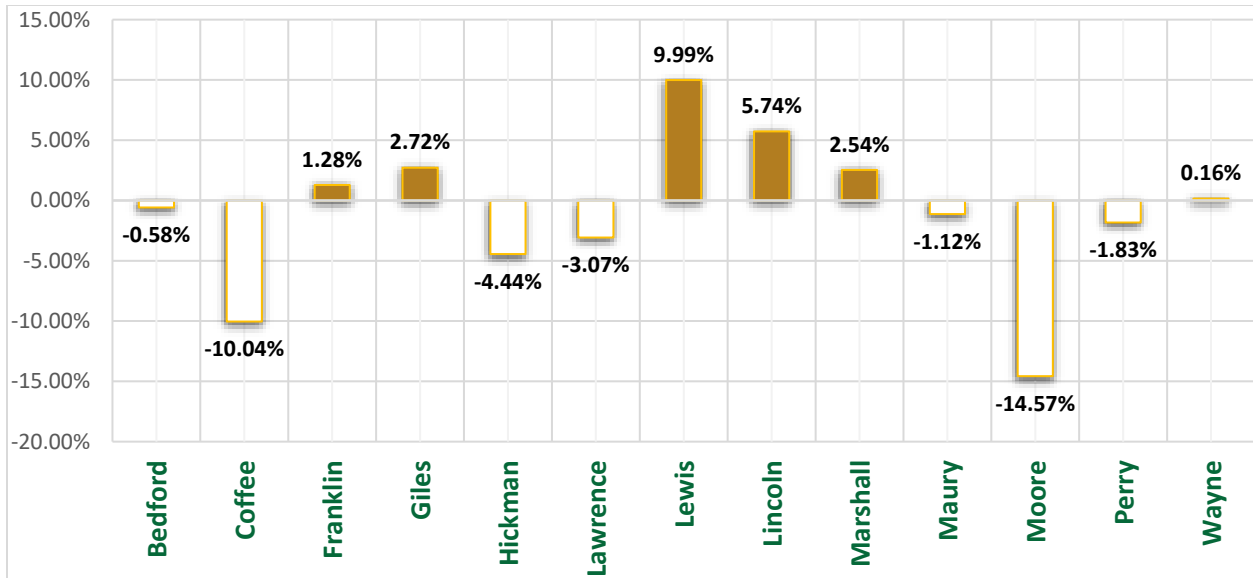
Education

Another metric that can affect the median income is the quality of jobs created or saved by economic and community development activities. Quality jobs often times require some level of post-secondary education. This is the reason one of the things we track as a measurable metric is the attainment of education and how it relates to increases in the workforce.

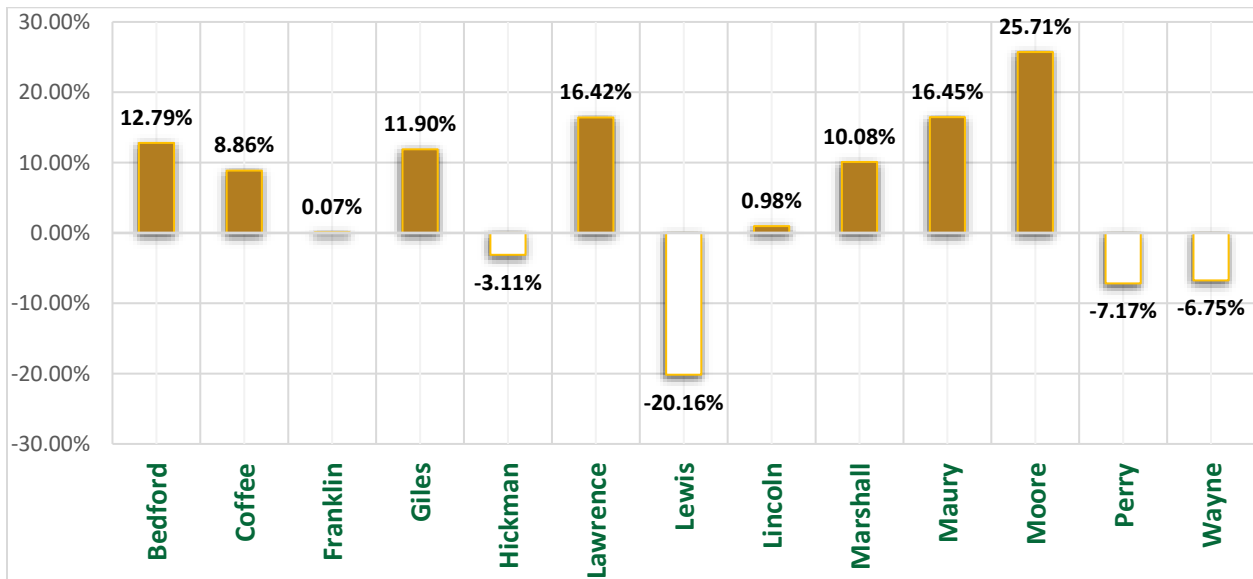
We expect to see increases in residents with some post-secondary education to be correlated with increases in PCI.

Given that some 2-year degree holders can convert that to a four-year degree, drops in the top chart on the next page that correspond to increases in the bottom chart are viewed as a composite. Coffee and Moore are good examples. Five of them, however, had a drop in the number of residents with post-secondary education experience. When compared with the change in PCI, the two largest improvements, Wayne and Lewis, both had a retraction in the number of people with college. The other three, Perry, Hickman, and Coffee all fared well as far as growth, all three outpacing the inflation rate.

In fact, Giles and Lawrence, had the highest growth in residents that have post-secondary education, while taking two of the bottom three spots in PCI improvement. The inverse nature of this can be explained by outside factors, perhaps. Lawrence tries to market itself as a good place to retire, and if retirees move in with degrees, and have no interest in using those degrees to secure employment, then that would promote this inverse relationship.



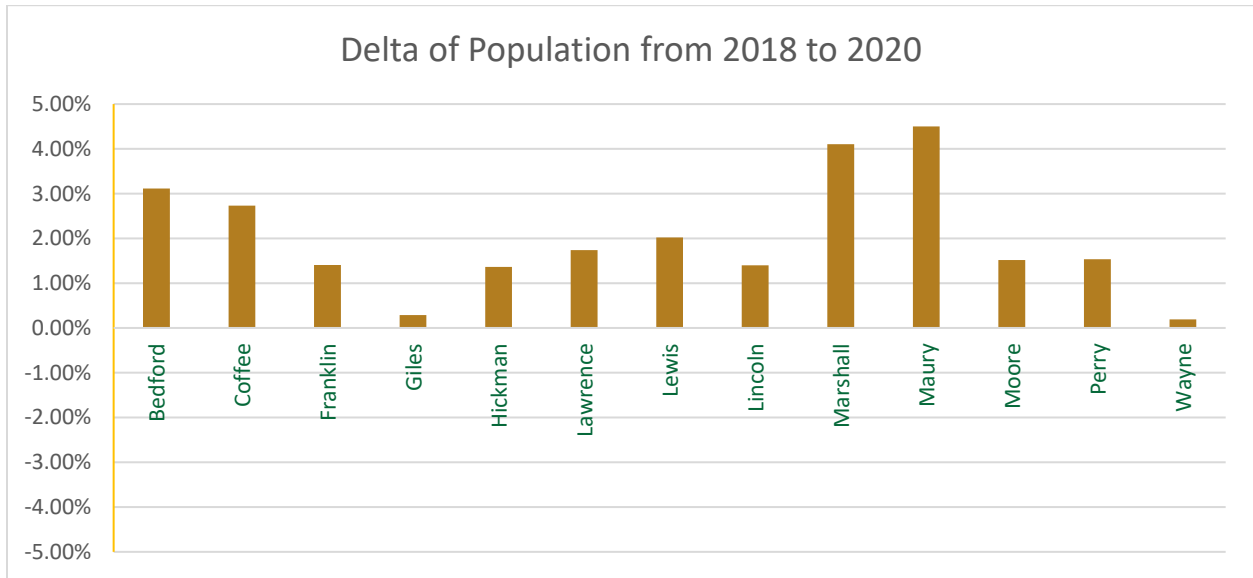
Number of residents with "Some College"



Change in the Number of Residents with a 4-year degree

These charts do not tell the entire story given that you are not looking at the same pool of people in 2017 and in 2019. A short discussion on the population of the region is next.

Population

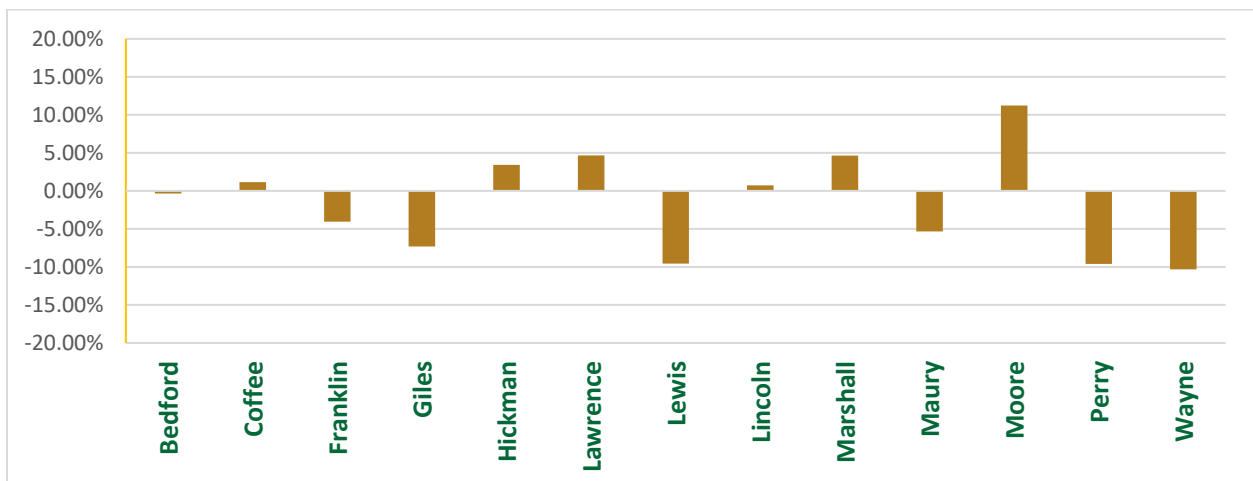


Population Growth

All counties had increases in population over the three-year period, causing the region as a whole to grow. Population growth is a measure of an area's attractiveness compared to other areas. Growth indicates that the area is more desirable. Livability is a term that captures the essence of what it means to be more desirable because it is not just new jobs that drives it. There are a host of other factors.

Change in the number of small businesses per capita

One commonly perceived measure of wealth is to be able to work for yourself. While all small businesses are not sole proprietorships, or people working for themselves, the increase or decrease in the number of small businesses per 10,000 residents can shed insight into what kinds of jobs people have, whether they work for a large company or a private firm.



Maury, Lewis, Perry, and Wayne experienced the largest decrease in number of small businesses per capita, while those four experienced the largest growth in median income. One potential conclusion would be that people could have lost jobs as small businesses closed, and found higher paying jobs with large companies or opportunities in these areas of the region, as a result of economic and community development projects, made better jobs available to people from larger enterprises. Either way, these four counties take four of the top five spots in reducing their percentage of the population in poverty.

Summary

Perception is not always reality. Reports like these help us collect, contrast, and analyze data to be able to direct our limited resources to areas where they can make the greatest impact. In some years that could be focusing on our most rural counties and in some years that could come from focusing on the more urban centers of the region. A strategic mix of objectives that aide and assist in the improvement of these metrics will generally yield the best result.

The Programs

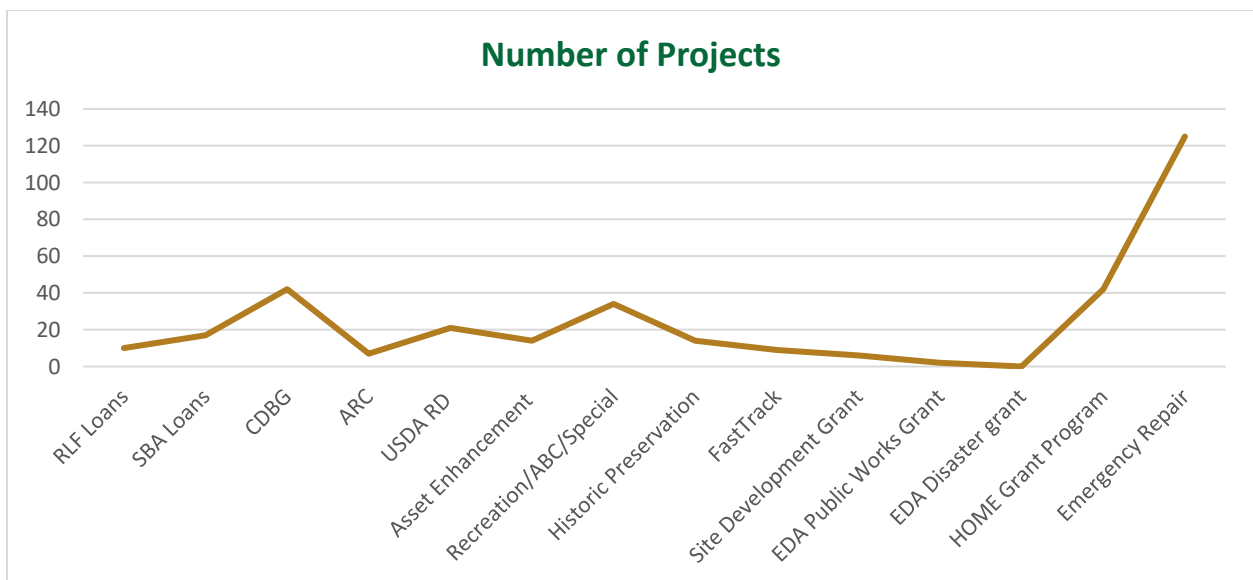
Community Development

By far, the largest contributor to the Community Development programs, in dollars, are the CDBG grants. CDBG grants totaled more than \$13 million over the three-year period. CDBG projects can fund things like water and sewer line additions and improvements, and other system improvements. Projects under this heading benefit the community as a whole. CDBGs fund investments in publicly held and operated facilities that serve the public good. Community development projects can have a direct focus to assist a local town, city, or county in improving specific infrastructure to attract a next business or an expansion from another private firm, however, the improvements will also benefit everybody.

Community development projects are all funded by grants and they are typically sourced from government allocations. In addition to CDBGs, SCTDD staff solicit grants for Asset Enhancement, Recreation, Historic Preservation, and to fund Home programs. Appalachia Regional Commission, USDA Rural Development, the State of Tennessee, and other funding sources supply these funds, usually through a competitive application process.

The HOME grant and Emergency Repair programs are second behind CDBGs in dollars funded, but by the number of projects, they outpace CDBGs 4 to 1. Almost 170 projects were completed in the HOME programs over the three-year period compared to 42 CDBG projects. The other five Community Development programs completed 90 projects all together.

CD projects usually leverage local match or require some investment from some other source to leverage the project. While some CD projects can aide and assist in job creation, neither leverage or job creation and retention are tracked metrics for these programs. A HOME, an Emergency Repair project doesn't create a job and neither does recreation grants, façade improvement grants, or grants for tourism enhancement, but they all improve place, which makes Economic Development much easier.



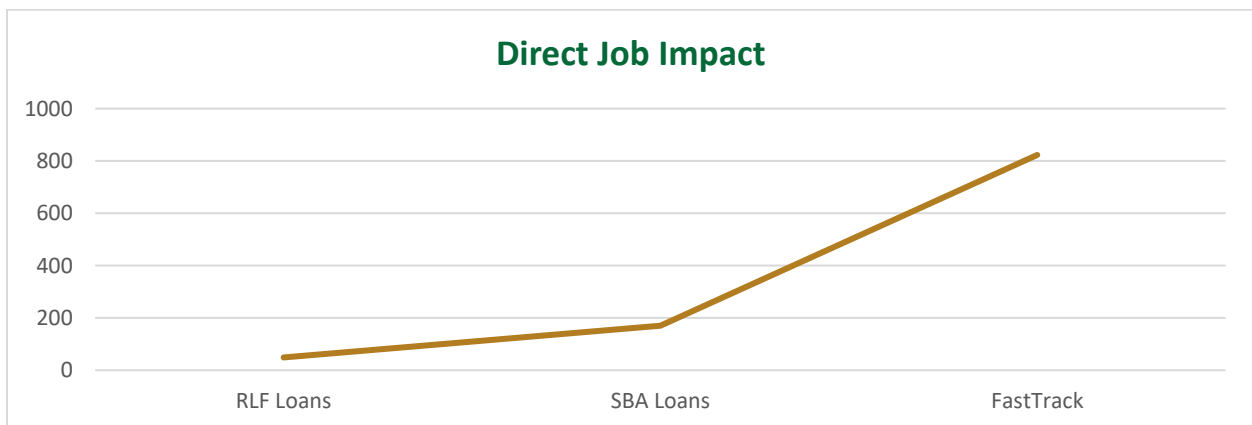
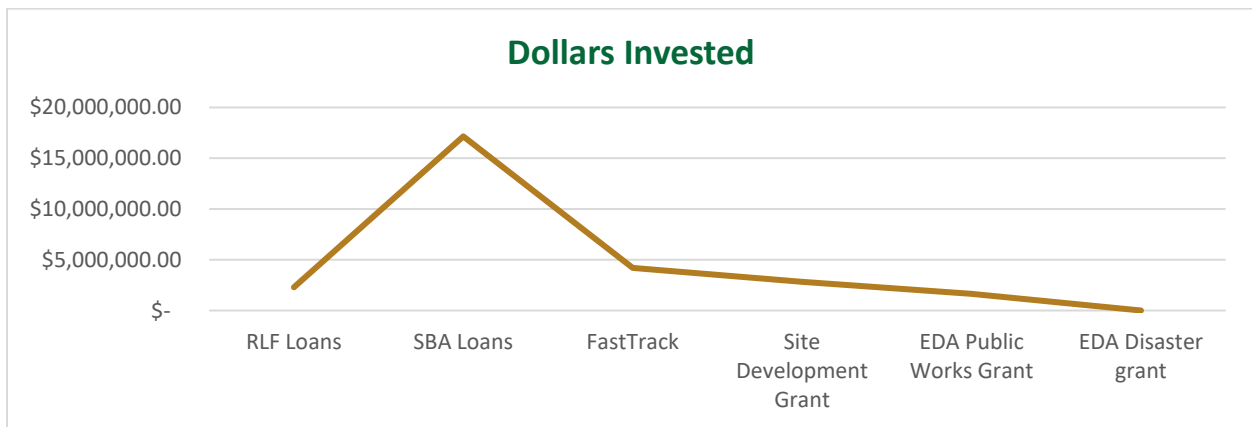
Economic Development

Economic Development Programs are more direct. They tend to focus on an individual business or source of new tax dollars from an increased tax base. Given that surrounding businesses and individuals do not always benefit from the improvement or expansion being leveraged, ED counts Jobs created or saved and other investments leveraged by the community or the private benefactor to justify the application.

SCTDD staff engage in ED activities through two main channels, the State of Tennessee ECD programs and through loan programs. EDA grant assistance is another source for ED funds, but the number of projects that qualify for and receive those funds are fewer. The largest number of ED projects completed by SCTDD staff for ED are under the loan programs. Twenty-seven projects were approved for loans ranging from \$20,000 to \$4.2 million that leveraged up to \$6.3 million from public and/or private sources were approved over the three-year period. Loans accounted for \$19.4 million in investments, almost two and a half times the rest of the ED programs collectively.

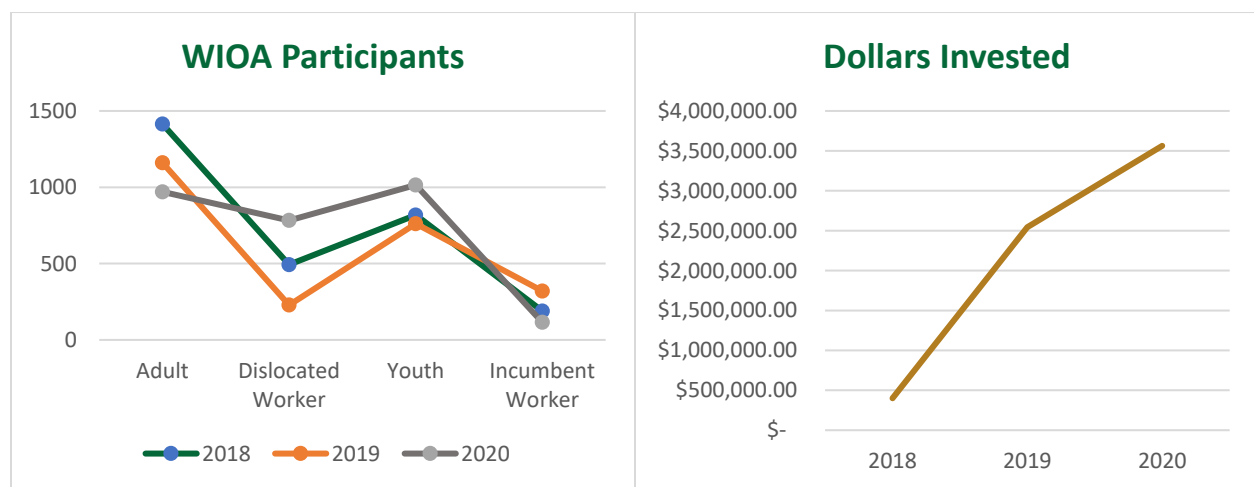
Leverage is where loan funds fall short. In ED, the investment is generally tied to an even larger private investment that is purported to support a large number of new quality jobs. FastTrack, Site Development grants, and EDA projects over the three-year period totaled on 17 collectively, but they leveraged almost \$180 million while loans leveraged only \$35 million.

Job creation followed a similar trajectory. With the much larger projects, a far greater number of jobs were directly impacted by the investment.



WIOA

Workforce Innovation and Opportunity Act (WIOA) is landmark legislation that is designed to strengthen and improve our nation's public workforce system and help get Americans, including youth and those with significant barriers to employment, into high-quality jobs and careers and help employers hire and retain skilled workers. SCTDD staff administrates implementation of the WIOA locally. I did not include it in the charts above for a couple reasons. The number of "projects" is reported as people served, and the total served over the three-year period is 8,266, which would make the *Number of Projects* chart difficult to read. The program investments compare well with other ED investments, with over \$6.5 million invested over the covered period, but this program isn't creating jobs as much as it is connecting the community to the jobs that are available and providing training for jobs of the future so that the workforce is more proactive in its readiness versus being reactive, thereby providing skilled labor to attract more ED investments instead of trying to fill orders as industry needs emerge.



Likely in the next CEDS document, we will segment Education and Training into a third component with Economic and Community Development instead of reporting on it as a subset of one of the two. Education, particularly in Tennessee with the Drive to 55, Labor Education Alignment Program (LEAP), TN HOPE, TN Promise, and TN Reconnect programs, a new national standard has been set in the way education is attained, who has access to it, and how it is paid for. Residents of practically all ages, from middle school to adults, can take advantage post-secondary education opportunities.

Conclusion

The steering committee of the CEDS and the staff of SCTDD will utilize the results of this report to help generate a more robust CEDS and to help guide objectives and our limited resources to improve these metrics and to identify dynamics that we can concentrate on to enhance our efforts or to raise the impact of the objectives we utilize to guide and improve economic and community development activities in the region. SCTDD will continue to work with its legislators to keep them apprised of trends in the region and promote policies that will enhance the results of our investments and activities.

As we work to improve on the strategy, we will look to identify ways to extrapolate data and utilize it to form a more reliable countermeasure to utilize as we work to set the result trends reported on more consistent and sustainable tracks and to identify new measurable metrics that we can use to facilitate a more focused response.